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MEMORANDUM

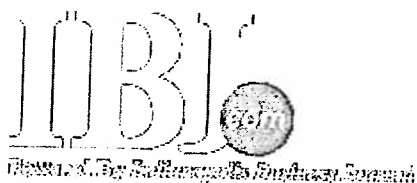
DATE: April 14, 2010

RE: Senate Bill 1174

GCSI, on behalf of our client Fremont Insurance, wanted you to have this information regarding Senate Bill 1174. This bill will be taken up in the House Insurance committee at 9am on Thursday, April 15. We urge you to review this material and support Senate Bill 1174.

Please contact us if you have any questions. Thanks for your support!

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IBJNEWS

Steak n Shake changing its name, moving HQ to Texas

Cory Schouten February 6, 2010

KEYWORDS EXECUTIVES, HEADQUARTERS, PUBLIC COMPANIES, REAL ESTATE & RETAIL, RELOCATION, RESTAURANTS, RETAIL, SARDAR BIGLARI, STEAK N SHAKE

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IN DEPTH

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Half of state's public-company CEOs saw pay rise in '08, but value of stock options fell

Indianapolis is on the verge of losing one of its most prominent public companies.

The Steak n Shake Co. is planning to change its name to Biglari Holdings Inc. and move its headquarters to San Antonio. The Steak n Shake restaurant chain would remain as a subsidiary of the renamed company and retain a presence in Indianapolis.

Chairman and CEO Sardar Biglari plans to put the changes to a shareholder vote at the company's annual meeting April 8 in New York City.



Biglari

Biglari, 32, operates the private equity Lion Fund and other investment vehicles out of San Antonio, where his family has lived since they emigrated from Iran in the 1980s.

The Steak n Shake corporate Web site still lists the Century Building at

Grad students dream up plans for mass transit

36 S. Pennsylvania St. as the company's headquarters, but a Jan. 29 announcement about the pending name change includes a San Antonio dateline.

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The company already lists San Antonio as the "address of principal executive officers" in recent Securities and Exchange Commission filings, and a high-ranking company official confirmed to *IBJ* that the publicly traded company will be based in Texas.

The company has reserved the ticker symbol BH on the New York Stock Exchange, and will switch from SNS on April 9 if a majority of shareholders approves the change.

It wasn't clear whether local jobs would be affected by the move. Steak n Shake already has scaled back its headquarters operation but still has employees spread over a couple of floors it leases in the eight-story Century Building downtown. The company has just two named executive officers, Biglari and Interim CFO Duane Geiger.

Steak n Shake was founded in Normal, Ill., in 1934 but has had its headquarters in Indianapolis since the 1970s.

Any time a headquarters leaves, it's a blow to the city, said Indy Partnership President Ron Gifford, who said he hadn't heard about a potential move for Steak n Shake.

"Having a corporate headquarters is the equivalent of a company making a commitment to its home, both literally and figuratively," Gifford said. "When a corporate headquarters moves, the investment in the community tends to decline."

The company telegraphed a potential headquarters move in August 2008, when it withdrew a request for a \$100,000 tax abatement and \$200,000 state training grant in exchange for retaining 160 jobs and investing \$2.5 million in new equipment at its local headquarters.

Biglari and other Steak n Shake officials did not return phone messages by press time.

Aggressive moves

Biglari used a proxy fight to seize control of the burger chain in 2008, then promptly cut costs, launched new promotions and trimmed spending on restaurant maintenance and investment from an average of \$55 million per year to just \$5.8 million last year.

The moves helped the chain break a 14-quarter streak of declining same-store sales, but also raised questions about whether Biglari is jeopardizing Steak n Shake's future in exchange for short-term profits.

Biglari in June persuaded the board to transform Steak n Shake into a holding company for a diverse

range of investments and give Biglari sole discretion over asset allocation. The board's vote essentially allowed the hedge-fund owner to use the publicly traded company as a personal investment vehicle.

The unanimous vote came after Biglari, the board chairman, managed to push out every board member unwilling to give him dictatorial authority over Steak n Shake despite his relatively modest ownership stake. Biglari personally owns about 7 percent of the shares in Steak n Shake and controls another 5 percent through his Lion Fund.

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The board now has five members, including Biglari, down from nine. Now that the board has given Biglari sole authority over all investments, the question is, who holds Biglari accountable?

Former interim CEO Wayne Kelley, who resigned from the board in March 2009, blasted the young executive at the time for ignoring the board's advice and neglecting the Steak n Shake brand.

"Although our current chairman and CEO espoused openness and transparency, the opposite has been the case," Kelley wrote in his resignation letter. "The board has not been actively involved in developing the vision and strategy of the business, but rather has been informed about it belatedly."

Name game

Biglari, a supremely confident Warren Buffett disciple, hasn't been shy about attaching his own name to the Steak n Shake chain. A photo and greeting from Biglari now welcome guests at each of Steak n Shake's 486 locations in 21 states.

Renaming the parent company Biglari Holdings acknowledges a fledgling but successful turnaround—the company earned \$5.5 million in its fiscal fourth quarter compared to a year-ago loss of \$3.4 million. It also rebrands the company as something more than a hamburger and milkshake factory.

Biglari in August closed on a \$23 million deal to merge Steak n Shake with another holding company he controlled, Western Sizzlin Corp., which franchises a chain of 105 steak restaurants and also owns stakes in Houston-based Mustang Capital Advisors and Bellevue, Wash.-based barter network ITEX Corp.

In December, Steak n Shake offered to acquire Fremont Michigan Insuracorp Inc. in a deal worth as much as \$37 million, apparently so Biglari could use the small insurer's \$60 million investment portfolio to fund more acquisitions. The company also initiated an unusual 1-for-20 reverse stock split that pushed the per-share price above \$300, out of reach for many short-term investors.

Steak n Shake investor Max Olson, who runs Salt Lake City-based Max Capital Corp., said the reverse split and name change are "unnecessary" but shouldn't do any harm. He picked up his Steak n Shake shares as part of the deal with Western Sizzlin.

"I think maybe it's a little too much, too fast," said Olson, who met Biglari at last year's annual meeting for Buffett's Berkshire Hathaway in Omaha. "He's done a fantastic job of turning the company around. But in my view, it would have been better to wait a little longer."

Other investors see the change as necessary since they now are betting not so much on a single restaurant chain, but on the potential of an up-and-coming asset manager.

Channeling Buffett

In fact, the company's latest annual report lists a new No. 1 risk-factor investors should consider before they buy Steak n Shake's shares: the potential loss of Biglari.

"If for any reason the services of Mr. Biglari were to become unavailable, there could be a material adverse effect on our business, since he is singularly responsible for business and investment activities," the company said.

Other risks include restaurant-industry competition, the economy and debt covenants—but those don't merit a mention until later down the list.

Wall Street analyst Michael Gallo of New York-based C.L. King & Associates Inc. reiterated a neutral rating on Steak n Shake shares in a Feb. 1 note, citing a tough restaurant environment and the risk that Biglari will overpay for an acquisition.

"While progress over the last couple of quarters has been encouraging, we believe the key determinant of value creation going forward will be the success of Steak n Shake in transitioning into a conglomerate-like holding company," he wrote.

Biglari guided his hedge fund to post strong returns in a booming market, and he successfully agitated for changes at Friendly Ice Cream Corp. that led to a profitable sale of the Massachusetts-based company. Otherwise, he doesn't have much of a track record suggesting he is capable of designing his own version of Berkshire Hathaway.

He and Buffett share similar visions for what makes an attractive investment, along with an interest in courting long-term investors. Biglari's desire to include himself in the branding for Steak n Shake calls to mind the approach Buffett has taken with Berkshire Hathaway's Geico subsidiary, where the popular Gecko mascot frequently cites Buffett as evidence of the company's strength and stability.

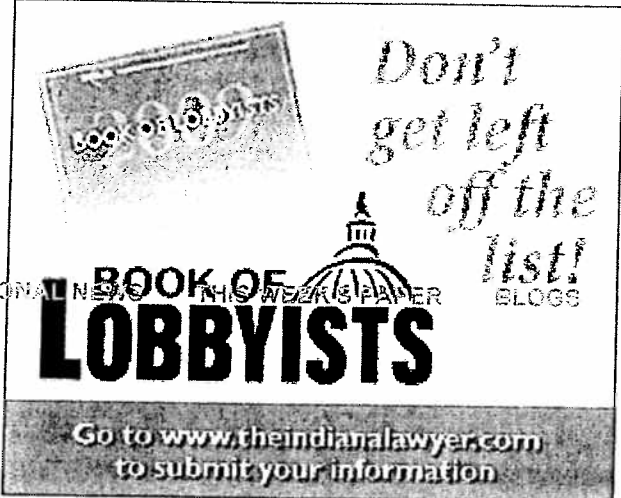
But there are differences, too. Berkshire Hathaway just split its B shares in the opposite direction, making them accessible to more investors as part of a \$34 billion deal for the railroad Burlington Northern Santa Fe. Buffett didn't name his company after himself, electing to keep the moniker of the now-defunct textile company that launched his conglomerate.

And Buffett famously earns a base annual salary of just \$100,000, the same he's taken home for more than 25 years.

Biglari, on the other hand, sought and received a 220-percent raise last year to \$900,000, reimbursed himself about \$500,000 for the proxy fight he used to take over Steak n Shake, and paid himself another \$48,000 last year for travel expenses, including accommodations at the Conrad Indianapolis. •

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IBJ CONVERSATIONS

20 Comments [Add Comment](#)

from the inside

js *March 3, 2010 7:22 PM*

listen to all of you who wanna defend his actions-let me tell you the real deal-they or he has removed every benefit-no more paid vacations-no more insurance-unless you use STARBRIDGE-or been with the company for 5 years-no more-stocks,bonds,or profit sharing-no maintenance dept-no human resources-no nothing-all of the corporate jobs are disappearing-and the low man jobs are at best-part time-so what crappy insurance you have-you can not obtain-for lack of hours-i have worked for this company for almost 20 years-and cannot believe what is happening-it used to be a wonderful comp to work for but now its full of unhappy workers-beginning in corporate and shooting all the way down to the servers who take care of the guest-nothing like a disgruntal employee in charge of you having a great experience-for all of you share holders who wanna defend this evil man-think about all the money paying out on unemployment-for all these ppl who have been reduced to part time hours-think of the welfare increase in food stamps-medical-and housing-believe me you will not come out ahead here-and many families are being DESTROYED in the process-it sure is a greedy world we live in-and such a greedy man who signs my paycheck-i only wish the economy was in better shape-for ppl like me who feel "STUCK" MAY god HAVE SHAME ON biglari AND ALL OF HIS FOLLOWERS

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Hold the Mustard!

George Orwell *March 3, 2010 5:40 PM*

So far this cast member of 'Greed' has successfully slashed base pay and a multitude of benefits for even its senior linepeople. Note the generic ma' and pop condiment containers (versus Heinz)...the removal of toothpicks and you get the picture. His publicized salary increase has come at the expense of his lowly employees and the general public. Bottom line. He's a creepy money mongrel. Ol' Gus Belt must be barfing in his grave!

New Motto: "In Sight,...not for long"

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Move

John *March 1, 2010 3:38 PM*

He has every right to move his company but don't belittle people who decide not to eat there anymore.

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Rolls eyes

GW *March 1, 2010 5:05 AM*

your people that say if never go there again are so full of your greasy french fries and double burger guts ...oh don't forget shakes.

look the guy gets it hes making money with it too, so if you don't like that go to school get a degree and figure it out, hes been here since 1980, how long have you been here flipping burgers for 7.50 an hour?

Good grief Tommy who are you to judge?

REPLY TO COMMENT

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Tradition going down the tubes

Concerned *February 25, 2010 10:33 AM*

Came from Iran in 1980. Isnt anything American born and bred sacred anymore. Values and traditions out the window. Do we need to be concerned about our once beloved Steak n Shake funding terrorists? Dont judge me for asking that question, after so many stories coming about with even street corner vendors using their sales to fund such acts. My mother, father, aunts and uncles all worked for years at Steak n Shake...I was raised at there. I am very sad to hear that it maybe going away.

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Big Liar

Shareholder *February 11, 2010 11:31 AM*

Big Liar also dumped all Employee benifits for the little person and has instituted a no comment to the media (facebook or anything) so we can not comment about him or the company direction. I could be fired for expressing my own opion. Also hired his father to head up outdoor advertising.

REPLY TO COMMENT

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Terrible Article

Jeff *February 9, 2010 11:08 AM*

Misleading editorial, full of misinformation. But more disturbing are the slanderous and paranoid statements in these comments. And the shareholder comment? Ahem, the stock has rocketed since Biglari took the helm. . . how is that bad for shareholders?

Ego. . . perhaps so, but it's not objectionable if you can back it up, and Biglari has.

Biglari has executed beautifully on turning a company around with deep embedded value that was being run into the ground by its previous board, not the other way around. In fact, there has been talk for several years among Buffet progeny in the value investing world of how incredible the SNS opportunity is. It's just now becoming clear how much embedded, untapped value there was in the company, evidenced by its cash flow and stock price.

REPLY TO COMMENT

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COMMENT

Sardar Biglari

Jason Petty February 9, 2010 9:49 AM

What simple minded comments. Sardar made his own money and has shown over the years to be a postive force for the companies that he's been involved with. I understand locals being upset if the headquarters does leave, however, the ownership does have the right to determining the best place for their offices.

REPLY TO COMMENT

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Ownership

Jason February 9, 2010 9:19 AM

correction: Biglari only controls less than 7% of the company and owns less than 1% personally.

REPLY TO COMMENT

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never be

Bob Hadley February 9, 2010 6:35 AM

I've been going there since i was a teenager, I'm 62 now. It's sad to see how someone can come in and try to steal the image and name so easily. But your not dealing with rational thinking people, with old American values.I can find another favorite place to eat !!!

REPLY TO COMMENT

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Another Example of Poor Reporting by IBJ

WhichWayIsUp February 8, 2010 6:52 PM

Here's a release by SNS setting the record straight...
<http://www.steaknshake.com/investing/news/02082010.pdf>

REPLY TO COMMENT

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COMMENT

Wow

Mike February 8, 2010 11:46 AM

This is an unexpected turn of events. I frequent Steak n Shake for many reasons, but mostly b/c of the local headquarters. I for one will not go as often (or ever) if most of the local corporate jobs are moved.

REPLY TO COMMENT

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Eddie Lampert Jr.

Anti-Lampert February 8, 2010 8:49 AM

There have been some undeniable improvements in the restaurant operations in the last few years, at least from the customers' point of view.

This guy is more of an Eddie Lampert than a Warren Buffett. The Lampert formula involves milking a cash cow (Steak n Shake in this case) to finance other leveraged acquisitions. It's a good formula as long

as you buy good assets at good prices and your cash cow doesn't run dry. It will be interesting to see how this works out. Hope he doesn't wreck the burger chain in the process.

REPLY TO COMMENT

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COMMENT

Ego

Mercedes February 8, 2010 5:36 AM

Shareholders better wake up. The fact that he has to be idolized in the company name tells you his intentions. There is a major ego at play that doesn't care what anyone thinks.

He will risk all of the company's capital (and leverage the assets) on schemes to make himself wealthy. And he will set it up so he keeps his fortune, no matter how many people or companies he destroys along the way.

The worst of Wall Street is going to play out in front of us like a slow motion car wreck and Steak N Shake will not exist in a few years.

Beware of self-made men; they worship their creator.

REPLY TO COMMENT

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COMMENT

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Beware of self-made men; they worship their creator.

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Sad for Indy

Casey Cronin February 6, 2010 6:27 PM

The company was moved to Indianapolis by Bob Cronin in 1971

REPLY TO COMMENT

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COMMENT

Seedy character

NoMoSNS4Me February 6, 2010 4:28 PM

If you have been following this story and watching it unfold for the past few years, then this action can't be a surprise. We should have put that weasel down back in '07.

REPLY TO COMMENT

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BigliariBurgers?

BigMack February 6, 2010 12:36 PM

Any truth to the rumor the restaurant name is being changed to "Bigliari Burger"?? Why not? His ego needs a little more, I think...Bigilari School of Business...I can see it all...but the bigger question is, is this more than ego? Is this a sign of more corporate HQ's "hitting the crossroads" outta here?

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Big Lari

Indy Observer February 6, 2010 11:31 AM

Any truth to the rumor that the Steakburger is being renamed the Big Lari Burger?

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COMMENT

Looks like a scam....

Tom Callahan February 6, 2010 4:03 AM

Get used to it... This guy does not look like a good guy for Indiana business. I won't go into detail here however it does seem like this guy is shady as hell and ready to steal the good name of Kelley School Of Business at IU... Not sure where this guy came from from seems to be that he is very shady and ready to break us down.... Tommy Callahan Jr.

REPLY TO COMMENT

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POST A COMMENT TO THIS STORY

NAME*

EMAIL* (will not be displayed)

COMMENT TITLE *

COMMENTS *





FOR IMMEDIATE RELEASE
Thursday, April 8, 2010

Contact: Rep. Goeff Hansen
(517) 373-7317
Rep. Mary Valentine
(517) 373-3436

Hansen, Valentine Urge Passage of Bill to Protect Small Businesses, Local Jobs

West Michigan legislators: Pass Senate Bill 1174 without delay, changes

LANSING — Reps. **Goeff Hansen** (R-Hart Township) and **Mary Valentine** (D-Norton Shores) today joined forces in calling for the House to approve bipartisan legislation that will protect small businesses from hostile takeovers by out-of-state companies.

Senate Bill 1174 would provide stronger protections to small businesses such as Fremont Insurance Co., a 134-year-old small insurance business, facing a hostile takeover. Fremont Insurance employs 70 people and provides insurance and services to more than 45,000 policyholders representing small businesses, agriculture, boaters, tourism and local families across Michigan. SB 1174 passed with wide bipartisan support in the State Senate on March 23.

“For over a century, Fremont Insurance has been a steadfast community partner and contributor to their policyholders’ well-being,” **Hansen** said. “I stand with the employees of Fremont Insurance Co. and the loyal small businesses, farmers and homeowners who wish to maintain this community relationship well into the 21st Century. Senate Bill 1174 will protect local jobs and continue the company’s critical investment in the community.”

“Fremont Insurance Co. has been a pillar of the local community and stands as an example to all small businesses in our state,” **Valentine** said. “Michigan is always ready to roll out the welcome mat for investments that create jobs. At the same time, we will also stand shoulder to shoulder with Michigan businesses and their employees when their companies and jobs are at risk. That’s why Rep. Goeff Hansen and I are united on this issue and urging the House to pass Senate Bill 1174 without any delays or changes.”

SB 1174 requires that a company facing a hostile takeover get approval for the takeover from two-thirds of its shareholders, instead of a simple 50 percent majority.

In addition to creating local jobs and investing in the community, Fremont Insurance is also a full partner with the state’s successful and hugely popular “Pure Michigan” tourism campaign.

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FOR IMMEDIATE RELEASE: MONDAY, APRIL 12, 2010
Contact: **Heather Kevnick**
Phone number: (517) 333-1606

Small Business Groups, Retailers Call on House to Protect MI Small Businesses from Hostile Takeover

Coalition urges House to pass SB 1174 quickly, without changes to protect jobs

LANSING — A broad coalition of groups from across the state today delivered a letter of support calling on the Michigan House to immediately pass a bipartisan plan that will protect small Michigan businesses and local jobs from hostile takeovers by out-of-state companies.

Senate Bill 1174 would provide stronger protections to small businesses such as Fremont Insurance Co., which is facing a hostile takeover by Steak N Shake and its new CEO, Sardar Biglari, who has already moved jobs and operations out of SNS's Indianapolis home base to Texas. SB 1174 passed with wide bipartisan support in the State Senate on March 23.

"We need to protect every single job in Michigan, and small businesses like Fremont Insurance Co. are creating those jobs directly and indirectly," said **James Hallan** of the **Michigan Retailers Association**, which represents more than 12,000 Michigan stores. "Michigan businesses want more investments, not more hostile takeovers that put Michigan jobs at risk. That's why Senate Bill 1174 is vital to small businesses and deserves the full support of our elected leaders without change or delay."

"Fremont Insurance Co. has made a tremendously positive impact to Michigan's small business community and to the tourism sector," said **Mike Venturini**, president of the **Michigan Lake to Lake Bed & Breakfast Association** and the innkeeper at Munro House Bed and Breakfast in Jonesville. "Small businesses like Fremont Insurance are helping other businesses across Michigan stay strong, create jobs and drive our economy forward. We are sending a clear message to our leaders in Lansing that Michigan small businesses and those in the tourism sector stand shoulder to shoulder with Fremont Insurance in calling for the immediate passage of Senate Bill 1174."

Fremont Insurance is a 134-year-old small insurance business of about 70 people. Fremont Insurance provides insurance and services to more than 45,000 policyholders representing small businesses, agriculture, boaters, tourism and local families across Michigan. In addition to creating local jobs and investing in the community, Fremont Insurance is also a full partner with the state's successful and hugely popular "Pure Michigan" tourism campaign.

"Fremont Insurance Co. and other Michigan small businesses are the engines of our economy and partners in our communities," said **Van Snider**, president of the **Michigan Boating Industries Association**. "Allowing an out-of-state burger chain with no experience in insurance to start handling policies affecting our lives and properties is inappropriate. It will put people and jobs at risk, and that's why a broad coalition of groups has come together to call for the immediate approval of Senate Bill 1174, quickly and without changes."

SB 1174 requires that a company facing a hostile takeover get approval for the takeover from two-thirds of its shareholders, instead of a simple 50 percent majority.

(A copy of the coalition letter of support is attached.)

--###--

To the Honorable Members of the House of Representatives:

We urge you to support Senate Bill 1174 as passed by the Michigan Senate on March 23. This important bipartisan legislation will protect Michigan small businesses and the many good-paying local jobs they provide. Michigan small businesses and their employees represent pillars of local communities throughout Michigan, driving the local economy and supporting their communities. In these tough economic times, small businesses deserve all the support we can give to them.

Though we represent a broad and diverse cross-section of local businesses, organizations, community groups and individuals in Fremont and beyond, we are united in our support of Senate Bill 1174 and for Fremont Insurance Co., which has been a strong member of the community for more than 134 years. Local small businesses like Fremont Insurance have deep roots in the community, create many local jobs and provide quality service.

We the undersigned urge you to support and approve SB 1174 as it was passed by the Senate. By supporting this vital legislation, you will send a clear message that you support local Michigan jobs and small businesses in our state.

Thank you.

Peter Kuhnmuench
Insurance Institute of Michigan

Mike Venturini
President
Michigan Lake to Lake Bed & Breakfast Association
Innkeeper, Munro House Bed and Breakfast, Jonesville

Van Snider
President
Michigan Boating Industries Association

Mike Gaynier
Spartan Insurance Agency
Monroe

James Hallan
President and CEO
Michigan Retailers Association

Supporters of Fremont Insurance Co. and Senate Bill 1174

- Insurance Institute of Michigan
- Michigan Lake to Lake Bed & Breakfast Association
- Michigan Boating Industries Association
- Spartan Insurance Agency
- Michigan Retailers Association
- The 70 people who work at Fremont and their families
- The 175 agents Fremont Insurance Co. works with
- The Newaygo County Economic Development Association
- Farmers' Insurance Company
- The Michigan Association of Health Plans
- Many more

April 9, 2010

Michigan lawmakers propose making hostile takeovers more difficult

FREMONT -- A bill to help keep Fremont Insurance Co. from a hostile takeover gained a boost Thursday from a pair of West Michigan lawmakers.

State Reps. Goeff Hansen, R-Hart Township, and Mary Valentine, D-Norton Shores, said they are urging the House of Representatives to approve Senate Bill 1174.

The legislation would provide stronger protections for firms with less than 200 employees facing unsolicited or hostile takeovers. If adopted, it would require two-thirds of shareholders to approve a takeover instead of a simple majority.

In December, the board of Fremont Insurance's holding company, Fremont Michigan InsuraCorp Inc., unanimously rejected a \$32 million hostile takeover bid by Biglari Holdings Inc., formerly known as Steak 'n Shake Co.

Fremont Michigan InsuraCorp's board said the offer was not as sound as "current strategic plans" by the Fremont firm.

The bill "will protect local jobs and continue the company's critical investment in the community," Hansen said in a statement.

"Michigan is always ready to roll out the welcome mat for investments that create jobs," Valentine said in a statement. "At the same time, we will also stand shoulder to shoulder with Michigan businesses and their employees when their companies and jobs are at risk."

The bill was passed 27-10 by the Senate last month.

Fremont Michigan InsuraCorp issued a statement supporting the measure.

"The company was founded here, and has since established a strong record of growth and performance as we continue to expand and enhance the services we offer to Michigan residents.

"Fremont Insurance supports Bill 1174 because it will provide small businesses across the state the opportunity to achieve the kind of success Fremont has found."

A Biglari Holdings spokesman did not return calls seeking comment.

The Michigan legislative push came the same day Steak 'n Shake Co. shareholders voted in New York to change the San Antonio-based holding company's name to Biglari Holdings.

The change was made to alleviate confusion with its subsidiaries, which include Indianapolis-based Steak 'n Shake Operations Inc., which operates 485 restaurants.

Biglari Holdings Inc. CEO and Chairman Sardar Biglari last year moved the holding company's headquarters to Texas. Steak 'n Shake Co. was founded in Illinois in 1934, and relocated to Indianapolis in the 1970s.

Biglari has turned the company around since taking over about two years ago.

In over-the-counter trading Thursday, Fremont Michigan InsuraCorp stock closed at \$23, up 1 cent.

In trading on the New York Stock Exchange, Steak 'n Shake shares closed at \$402.05, up \$6.75. Its shares were to begin trading Friday under its new name with ticker symbol BH.

April 10, 2010

Political rivals for state Senate seat join forces to protect Fremont Insurance

By Dave Alexander | Muskegon Chronicle

WEST MICHIGAN -- Partisan politics have been put aside by potential rivals for the 34th District Michigan Senate seat who have joined forces to move through a bill to protect Fremont Insurance company from a hostile takeover.

Reps. Goeff Hansen, R-Hart, and Mary Valentine, D-Norton Shores, issued a joint news release Thursday in support of a Senate bill that is designed to protect the Fremont Michigan InsuraCorp. Inc. -- also known as Fremont Insurance -- from an unsolicited takeover offer from fast-food hamburger owner Steak 'n Shake Co. of Indianapolis.

Steak 'n Shake this week became Biglari Holdings Inc. Officials at the investment company did not return news media phone calls.

Fremont Insurance received the buyout offer from Steak 'n Shake Dec. 22 and the insurance company's board of directors immediately rejected the offer, saying that the company's value to its shareholders would be greater under current management's strategic plan.

But the Steak 'n Shake offer still is alive, company officials said. The bill that already has cleared the Michigan Senate and is now in the Michigan House would protect smaller Michigan insurance companies from unwanted takeover attempts from out-of-state investors.

The bill would require that two-thirds of shareholders approve such a takeover, compared to the current simple majority.

Fremont Insurance is a 134-year-old local company that employs 70 people in Newaygo County and provides insurance to 45,000 policyholders in Michigan, including small business, agriculture, boaters, tourism businesses and individual families. With a takeover by Steak 'n Shake, the future of the insurance company and its local operations would be uncertain, the legislators argue.

"We will stand shoulder-to-shoulder with Michigan businesses and their employees when their compensation and jobs are at risk," Valentine said in a prepared statement. "That's why Rep. Goeff Hansen and I are united on this issue."

Hansen said that he and Valentine agree that local employees and Michigan policyholders need an extra level of protection from hostile, out-of-state takeovers.

"The Senate bill will protect local jobs and continue the company's critical investment in the community," Hansen said in a companion prepared statement.

Hansen and Valentine currently represent adjacent districts in the Michigan House. Both are favorites to represent their respective parties.

in the November election for the 34th Senate District that includes Muskegon, Oceana, Newaygo and Mason counties. Incumbent Sen. Jerry VanWoerkom is term limited and not able to run for re-election in 2010.

Fremont Insurance officials had no comment on the Steak 'n Shake offer or the proposed legislation. Fremont Insurance CEO Richard Dunning made a statement on behalf of the board of directors at the time the \$32 million offer was rejected.

"Our board, management team, associates and agents are focused on continuing to grow our business and maximize the value of the company and we believe this hostile takeover attempt is not in the best interest of (the company), our shareholders, our policyholders or the Fremont community," Dunning said in December.

Fremont Insurance reported annual results for 2009 that included record revenues at \$56.9 million, up 13.4 percent from the prior year and net income of \$2.38 a share for the year, up 14.4 percent from 2008. The insurance company had its financial struggles in the past decade but has had a strong turnaround under Dunning and his management team's direction.

Steak 'n Shake Co. shareholders voted in New York to change the San Antonio-based holding company's name to Biglari Holdings. The change was made to alleviate confusion with its subsidiaries, which include Indianapolis-based Steak 'n Shake Operations Inc., which operates 485 restaurants.

Biglari Holdings Inc. CEO and Chairman Sardar Biglari last year moved the holding company's headquarters to Texas.



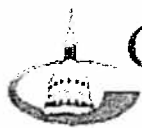
MIRS, April 9, 2010

Hansen, Valentine Agree On Fremont

Today, Reps. Goeff HANSEN (R-Hart Twp.) and Mary VALENTINE (D-Norton Shores) shared a news release today in which they called for the House to approve legislation aimed at preventing hostile takeovers by out-of-state companies.

Hansen and Valentine are rivals for the 34th Senate District seat currently held by Sen. Gerald VAN WEORKOM (R-Norton Shores).

SB 1174 would require a company facing a hostile takeover to get approval for the takeover from two-thirds of its shareholders, instead of a simple 50 percent majority. The bill is primarily about Fremont Insurance Co., a 134-year-old small insurance business that's facing a hostile takeover. It passed the Senate with bipartisan support (See "Fremont Insurance Bill Clears Senate.



GONGWER

News Service Michigan

Gongwer, April 9, 2010

HANSEN, VALENTINE TEAM UP ON INSURANCE TAKEOVER BILL

Two rivals for a key Senate seat in the 2010 election have joined forces to urge that the House pass legislation that would make it more difficult for a company to achieve a hostile takeover of small Michigan insurance companies.

Rep. Goeff Hansen (R-Hart) and Rep. Mary Valentine (D-Norton Shores) released a statement Thursday urging action on SB 1174, which would require a 67 percent vote of an insurance company's shareholders to merge with or be acquired by another company instead of the current simple majority.

The bill comes in response to an unsolicited effort by the Steak 'n Shake Company to purchase Fremont Michigan InsuraCorp Incorporated, the holding company for the Fremont based Fremont Insurance Company. Fremont's Board of Directors rejected the bid in December, but Steak 'n Shake is making a tender offer to Fremont's shareholders in an effort to buy out the company in a hostile takeover.

The relatively new owner of Indianapolis-based Steak 'n Shake has been trying to diversify his holdings through money from the restaurant chain, the Indianapolis Star reported Thursday.

The bill would require a 66.67 percent majority of shareholders in Michigan-based insurance companies with 200 or fewer employees to back the merger or acquisition of the company. It passed the Senate 27-10 with supporters calling for lawmakers to protect Michigan-based Fremont while opponents questioned why government should intervene.

"For over a century, Fremont Insurance has been a steadfast community partner and contributor to their policyholders' well-being," Mr. Hansen said in a statement. "I stand with the employees of Fremont Insurance Company and the loyal small businesses, farmers and homeowners who wish to maintain this community relationship well into the 21st Century."

Said Ms. Valentine: "Fremont Insurance Company has been a pillar of the local community and stands as an example to all small businesses in our state. Michigan is always ready to roll out the welcome mat for investments that create jobs. At the same time, we will also stand shoulder to shoulder with Michigan businesses and their employees when their companies and jobs are at risk."

The bill, passed by the Senate on March 23, is pending in the House Insurance Committee. A message left for Rep. Barb Byrum (D-Onondaga), the Insurance Committee chair, was not returned.

Mr. Hart and Ms. Valentine are expected to square off in the 34th Senate District for a seat key to partisan control of the Senate.



MIRS, April 12, 2010

Senate Bill Sees Surge Of Support

Business and retail groups are calling on the House to pass SB 1174 quickly.

The bill would require that a company facing hostile takeover receive approval from two-thirds of its shareholders, instead of just a majority.

The groups are reacting specifically to the hostile takeover of Fremont Insurance Co., which is facing a hostile takeover by Steak N' Shake. Fremont Insurance Co. works with the Pure Michigan campaign and is 134 years old.

"We need to protect every single job in Michigan, and small businesses like Fremont Insurance Co. are creating those jobs directly and indirectly," said James HALLAN of the Michigan Retailers Association.

He is joined in signing a letter to the House by Peter KUHNMUENCH of the Insurance Institute of Michigan; Mike VENTURINI of the Michigan Lake to Lake Bed & Breakfast Association; Van SNIDER of the Michigan Boating Industries Association and Mike GAYNIER of the Spartan Insurance Agency.